



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

Monthly Bulletin #10

October 2011

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The Control Environment: Effective Systems of Internal Controls (part 2 of a series)

"Internal control can help an entity achieve its performance and profitability targets, and prevent loss of resources.... In sum, it can help an entity get to where it wants to go, and avoid pitfalls and surprises along the way." "Internal Control – Integrated Framework" - The Committee of Sponsoring Organizations of the Treadway Commission (COSO)

COSO was formed in 1985 to develop guidance on enterprise risk management, internal control, and fraud deterrence for the purpose of improving organizational performance and governance. COSO describes the control environment as setting the tone of an organization thereby reflecting direction provided by the board on standards of integrity, ethical values, delegation of authority, and operating style. Control activities (including approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties) should align to board approved policies and limits and occur throughout the organization. When policies and limits align to the board's risk appetite (the level of risk the board is willing to accept in order to achieve stated financial objectives) and the financial institution's strategic plan, management has a clearly defined framework within which it is authorized and empowered to operate on a day-to-day basis.

The importance of an effective system of internal controls is reflected in the prominent role that this evaluation factor plays in the regulatory assessment of financial institution boards of directors and management. The Uniform Financial Institutions Rating System (UFIRS), better known by the acronym CAMELS for banks and CAMEL for credit unions, states in part that "The capability and performance of management and the board of directors is rated based on, but not limited to ... the adequacy of audits and internal controls to promote effective operations and reliable financial and regulatory reporting; safeguard assets; and ensure compliance with laws, regulations, and internal policies."

With escalating regulatory and legal requirements along with challenges associated with a financial institution's growth, complexity of operating environment, and marketplace dynamics, it is easy for boards of directors to become overwhelmed by the volume of information, including policy review and approval requirements. Recognizing that an overwhelmed board will generally not be an effective board, it's increasingly important to prioritize and implement a high-level approach when it comes to the board's involvement in the review and approval of

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policies. In some instances, legal and regulatory requirements will dictate which policies and issues receive board level approval, while in other instances the subject matter itself may be so essential to the safe-and-sound operation of a financial institution that board approval is necessary. An example of a subject matter fundamental to the safe-and-sound operation of a financial institution is a capital policy for banks and a net worth policy for credit unions. In determining which other policies and issues require board-level approval and attention beyond those required by law, regulation, or fundamental safety-and-soundness considerations, management is encouraged to exercise prudent discretion. A thoughtfully crafted, overarching, comprehensive, high-level set of policies and limits may be reviewed and approved at the board level while more detailed management level policies or procedures designed to align to the overarching board policies flesh-out in-depth guidance to financial institution personnel for use in day-to-day activities. Management level policies and procedures serve as a complete roadmap of standards and expectations, which when effectively and faithfully implemented, promote achievement of the board's objectives as set forth in the strategic plan in addition to compliance with risk tolerance as articulated in board policies, limits, and the statement of risk appetite.

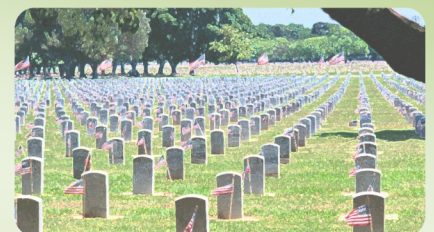
In the next article, we will begin addressing control functions that provide reasonable assurance that a financial institution's controls are designed effectively; adhered to and implemented appropriately; and thereby support the identification, measurement, monitoring, and control of risks.

Investment in Credit Union Subsidiaries

As a reminder, investment by a credit union in debt or equity of a subsidiary is addressed through Department Rule 80-2-9-.01(1)(c)7 or 8 which require prior approval of the Department before credit unions invest in securities not specifically provided for elsewhere in the Rule. The Department only permits credit unions that are otherwise financially sound to invest in a subsidiary. In the course of approving investment in subsidiaries, the Department typically requests information regarding the management, ownership, capitalization, pro-forma financials, and operations of the subsidiary to support approval.

HOLIDAY CLOSING

This is a reminder that the Department will be closed on
Friday, November 11th for Veterans' Day,
Thursday, November 24th for Thanksgiving Day, and
Friday, November 25th in observance of
Robert E. Lee's Birthday.



Financial Institution Supervision Division Changes



Laura Millen

Supervisory Manager Laura (Brown) Millen will retire effective December 1, 2011, after 34 years of faithful service to the State of Georgia. Laura began her career in state government with the Department of Education in 1978 and then transferred to the Georgia General Assembly in 1987.

Laura began her career with the Department of Banking and Finance in 1993 as an examiner in College Park where she gained considerable skill in examining banks, credit unions, and trust departments. Laura served as the Trust Specialist in the Large Financial Institution Supervision District beginning in June 2000 and has served in her current position as a Supervisory Manager since 2004.

Laura is a graduate of Georgia State University with a BBA degree in Accounting. She is also a Certified Examiner-In-Charge. Congratulations Laura! We wish you the best in your well-deserved retirement.

With the announcement of Laura's retirement, Pam Keane has been selected to fill the Supervisory Manager position. Pam first joined the Department in 1988 as an examiner in the District 2 (Northeast) Field Office, where she worked until 1993. After working in several accounting and database management positions, Pam rejoined the Department in 2007 as an examiner in the District 2 Field Office and became a Senior Financial Examiner in 2009.

Pam graduated in 1987 from the University of Georgia with a Bachelor of Business degree with a major in Accounting. Pam is a Certified Examiner-In-Charge.





Congratulations Pam! We're excited about having you in your new position.



Pam Keane

SUPERVISORY MANAGER INSTITUTION ASSIGNMENT CHANGES

In conjunction with the staff changes noted above, Supervisory Manager assignments/workloads have also been redistributed to best align knowledge, skills, and experience. A list of Supervisory Managers and their respective areas of responsibility are as follows:

-  **Supervisory Manager Lori Binford** - (770) 986-1627 or binford@dbf.state.ga.us
Responsible for supervision of banks and credit unions assigned to District 1 (Northwest), as well as SunTrust Bank and Synovus Bank.
-  **Supervisory Manager Michael Killeen** - (770) 986-5049 or michaelk@dbf.state.ga.us
Responsible for supervision of banks and credit unions assigned to District 2 (Northeast/Central).
-  **Supervisory Manager Pam Keane** - (770) 986-1643 or pkeane@dbf.state.ga.us
Responsible for supervision of banks assigned to District 5 (Southwest); all credit unions assigned to Districts 4 (Southeast) and 5; and Trust.
-  **Supervisory Manager Murali Ramachandran** - (770) 986-1645 or murali@dbf.state.ga.us
Responsible for applications and supervision of banks assigned to District 4 (Southeast).

Notice of Order to Cease and Desist Issued to GlobalClear Banx Americas, LLC, Duluth, GA

It has come to the Department's attention that an entity calling itself "GlobalClear Banx Americas, LLC", located at 3780 Old Norcross Road, Suite 103, Duluth, Georgia 30096, is operating and/or associated with companies that offer banking and other financial services in Georgia without the written approval of the Department. The Department has not approved this entity or GlobalClear Holdings, Ltd., Global Clear Bank, Dynast Premier Regency, LLC, GlobalClear Privee, Inc., Premier Capital Depository, Inc., and/or Ben Zayin Yisrael, entities affiliated with GlobalClear Banx Americas, LLC, to conduct and/or be affiliated with a banking business in Georgia.

On September 23, 2011, the Department directed GlobalClear Banx Americas, LLC and its affiliates to cease immediately from 1) operating a banking or banking-related business in any capacity in Georgia; 2) claiming to be affiliated with, associated with, acting as agent for and/or acting with an entity that is operating a banking or banking-related business in any capacity in Georgia; and 3) using "banx" and/or any form similar to and including the word "bank" in its name in violation of Georgia Law. GlobalClear Banx Americas, LLC was further directed to provide a written response to the Department by October 7, 2011 stating the specific actions taken to comply with the Department's directive. As of October 25, 2011, the Department had not received a response from GlobalClear Banx Americas, LLC. Therefore, the Department's Order to Cease and Desist (Order) became effective October 25, 2011. The Order can be viewed from the Department website - http://dbf.georgia.gov/vgn/images/portal/cit_1210/54/2/177991489GlobalClearBanxAmericas_Order.pdf

Please be advised the Department has not authorized GlobalClear Banx Americas, LLC or its affiliates to conduct a banking business in Georgia. For further information regarding this Order, please contact Supervisory Manager Murali Ramachandran at (770) 986-1645 and/or murali@dbf.state.ga.us.

Annual Assessment for State-Chartered Financial Institutions

The annual assessment fee letters will be e-mailed to banks and credit unions early in December, and the fees will be assessed on **February 1, 2012**. Please complete and submit by December 31, 2011, the Electronic Funds Transfer Authorization/ACH Form for any change of information. The ACH Authorization and Instructions Form can be found on our website from the Banks & Holding Companies [Memos and Guidance page](#) or from the Credit Unions [Policy Statements and Guidance page](#).

Please e-mail or call Renee` Martin with any questions, rmartin@dbf.state.ga.us or 770-986-1641.

DBF Outreach AND UPCOMING SPEAKING ENGAGEMENTS

- ❖ Commissioner Braswell will be speaking at the [GBA President/CEO Roundtable meeting](#) on **November 18th** at the Idle Hour Country Club in Macon, Georgia.

2012 State Holidays

In accordance with O.C.G.A. § 1-4-1, Governor Nathan Deal proclaimed the following dates in 2012 as public and legal state holidays when the Capitol and all State agencies will be closed:

Holiday Name	Date Observed
New Years Day 2012	January 1st – Sunday Will be observed Monday, Jan 2 nd
Martin Luther King Jr.'s Birthday	January 16 th – Monday
Robert E. Lee's Birthday	January 19 th – Thursday Will be observed on Friday, November 23 rd
Washington's Birthday	February 20 th - Monday Will be observed on Monday, December 24 th
Confederate Memorial Day	April 26 th – Thursday Will be observed on Monday, April 23 rd
Memorial Day	May 28 th – Monday
Independence Day	July 4 th – Wednesday
Labor Day	September 3 rd – Monday
Columbus Day	October 8 th – Monday
Veterans' Day	November 12 th – Monday
Thanksgiving Day	November 22 nd – Thursday Lee's Birthday will be observed on Friday, November 23 rd
Christmas Day	December 25 th – Tuesday Washington's Birthday will be observed on Monday, Dec. 24 th

Action on Applications for the Month of October:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Code of Georgia and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of October 2011.

FINANCIAL INSTITUTION CONVERSIONS

<u>PREVIOUS NAME</u>	<u>CONVERTED TO</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
DOCO Regional Federal Credit Union	DOCO Credit Union Albany Dougherty County	Pending	
Fort Gordon Federal Credit Union	Fort Gordon and Community Credit Union Fort Gordon Richmond County	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL</u>	<u>BEGIN BUSINESS</u>
SunTrust Bank Atlanta	Belvedere Square Branch Office 548 E Belvedere Avenue Baltimore, MD 21212	07-01-2011	10-24-2011
SunTrust Bank Atlanta	Historic Springfield Branch Office 1700 N Main Street Jacksonville, FL 32206 Duval County	07-01-2011	10-03-2011
Community & Southern Bank Carrollton	Ashford Dunwoody Branch Office 4800 Ashford Dunwoody Road Dunwoody, GA 30338 DeKalb County	08-30-2011	10-31-2011
Community & Southern Bank Carrollton	Roswell Branch Office 900 Woodstock Road Roswell, GA 30075 Fulton County	08-30-2011	10-17-2011
Synovus Bank Columbus	St. Marys Branch Office 6308 Georgia Highway 40 East St. Marys, GA 31558 Camden County	04-08-2011	10-17-2011
Metro Bank Douglasville	Main Office 9340 The Landing Drive Douglasville, GA 30135 Douglas County	Pending	
Fidelity Bank Norcross	Nuckolls Road Branch Office 2740 Nuckolls Road Cumming, GA 30041 Forsyth County	10-18-2011	
Verity Bank Winder	Habersham Branch Office 748 Stonecypher Street Cornelia, GA 30531 Habersham County	10-04-2011	

APPLICATIONS TO CHANGE LOCATION

<u>FINANCIAL INSTITUTION</u>	<u>CHANGE LOCATION OF</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
United Community Bank Blairsville	From: Savannah Branch Office 24 Drayton Street Savannah, GA 31401 Chatham County To: 27 Bull Street Savannah, GA 31401 Chatham County	10-21-2011	

APPLICATIONS FOR RESERVATION OF A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Members United Credit Union	Dougherty County	Mr. Oliver C. Sindersine, IV, VP Albany Federal Employees Credit Union 1115 North Westover Boulevard Albany, GA 31707

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Albany Federal Employees Credit Union Albany, GA	Members United Credit Union Columbus, GA	Pending	
Georgia Bank & Trust Company of Augusta Augusta, GA	Southern Bank & Trust Aiken, SC	Pending	
The Farmers Bank Forsyth, GA	The Bank of Perry Perry, GA	Pending	
The Farmers Bank Forsyth, GA	The Peoples Bank Covington, GA	Pending	
The Farmers Bank Forsyth, GA	Spivey State Bank Swainsboro, GA	Pending	
Bank of Upson Thomaston, GA	The First National Bank of Polk County Cedartown, GA	Pending	
Bank of Upson Thomaston, GA	Peachtree Bank Maplesville, AL	Pending	
Bank of Upson Thomaston, GA	Bank of Chickamauga Chickamauga, GA	Pending	

**APPLICATIONS TO BECOME A BANK HOLDING COMPANY
AND/OR TO ACQUIRE VOTING STOCK OF A FINANCIAL INSTITUTION**

<u>BANK HOLDING COMPANY FORMATIONS ONLY</u>	<u>TO ACQUIRE</u>	<u>APPROVAL</u>
Sterne Agee Group, Inc. Birmingham, AL	SUM Financial Corporation Pearson, GA	Pending

**NOTIFICATION OF APPROVAL OF APPLICATION
TO SERVE A RESIDENTIAL GROUP COMMON BOND**

CREDIT UNION

Georgia United Credit Union
Duluth

RESIDENTIAL GROUP COMMON BOND

Henry County, GA

APPROVAL

10-24-2011

APPLICATIONS FOR NEW SALE OF CHECK LICENSE

CHECK SELLER

InteliSpend Prepaid Solutions, LLC
Fenton, MO

APPROVAL

10-21-2011

CHECK CASHER LICENSES ISSUED

CITY

Griffin
Albany
Calhoun
Tifton
Loganville
Girard
Rome
Bainbridge
Garden City
Thomasville
Atlanta
Pearson

APPLICANT NAME

FNA Check Cashing LLC
* Indusa Beverage, Inc.
Jai Baliyade V, Inc.
* Jeet-Jiten, Inc.
Mina Food and Gas LLC
* Ramona Chandler Mobley, LLC
* Rikin N Rema, Inc.
* Rutesha, Inc.
* Sairang, Inc.
* Suhani Enterprises, Inc.
* Tienda Y Panaderia Delicias, Inc.
William T. McLendon

TRADE NAME

FNA Check Cashing
The Liquor Locker
A-Night Hi-Tech
Good Neighbor Grocery
Chevron Food Mart
Mobley's Package Shop
West Rome Food Mart
Las Lomas

Quick Stop
Tienda Delicias
Loy's Check Cashing

* =Registered (O.C.G.A. 7-1-700 et al)

CUSTOMER SERVICE STARS FOR THE MONTH OF OCTOBER

It is the Department's goal to provide excellent customer service by meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals and teams for going above and beyond in serving our customers:

Senior Financial Examiner Sue Ann Tucker and her examination team (District 5) – The Department received comments from a customer stating: “Please let me express our appreciation to you and your staff for the help given to us in regards to making improvements in our bank. All examiners were professional and courteous to our staff.”

Receptionist Sheila Ball – The Department received comments from a customer stating: “Your receptionist, Sheila Ball, was extremely cordial and responsive to my needs. Sheila was very pleasant in informing me that you were working outside of the office and immediately gave me your email address so that we could communicate immediately. I seldom write a complimentary letter, but Sheila was so outstanding that I wanted to recognize her. Please forward my thanks and appreciation to Sheila.”

Applications Analyst Irene Harper (Mortgage) – The Department received comments from a customer stating: “I wanted to let you know that we appreciate Irene Harper very much. She is always happy to explain the processes and policies for licensing and help us with our questions. She is not only efficient and knowledgeable but also friendly and helpful. Really, we think she's just about perfect. We are sure that you are aware of what an asset she is to your department but we wanted to reinforce it.”

Senior Financial Examiner Joel Byers (Mortgage) – The Department received comments from a customer stating: “Thanks Mr. Byers. Your timely response is greatly appreciated. Again, I would like to compliment your department on how helpful you have been. I deal with 23 other states and they are not nearly as helpful as you and your department.”

**CONGRATULATIONS AND GREAT JOB TO THIS MONTH'S
CUSTOMER SERVICE STARS!!**



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We're on the Web!

**Visit our website at:
dbf.georgia.gov**

The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers/processors, lenders and loan originators, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

Our Motto is: "Safeguarding Georgia's Financial Services"

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